

# SENATE BILL REPORT

## SB 5300

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As of January 28, 2009

**Title:** An act relating to allowing capital appropriations for the housing trust fund to be used for project application, review, selection, contracting, and project development.

**Brief Description:** Concerning the housing trust fund.

**Sponsors:** Senators Kauffman, Fraser and Kohl-Welles; by request of Department of Community, Trade and Economic Development.

**Brief History:**

**Committee Activity:** Financial Institutions, Housing & Insurance: 1/28/09.

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### SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

**Staff:** Philip Brady (786-7460)

**Background:** The Department of Community, Trade and Economic Development (CTED) administers the Housing Assistance Program (HAP) and the Affordable Housing Program (AHP), collectively referred to as the Housing Trust Fund (the Trust Fund). These programs provide loan and grant monies to eligible organizations and communities to meet the basic housing needs of low-income and special needs populations. The Trust Fund is available to fund acquisition, new construction, and rehabilitation of low-income housing units.

Before 2005 CTED could utilize up to 4 percent of the annual funds available to each part of the Trust Fund for administrative purposes (the cap). The Legislature amended the cap twice in 2005, each without reference to the other amendment, creating two versions of each section of code. One provided that up to 5 percent of the annual funds per year could be used for administrative expenses, while the other allowed 4 percent each year but 5 percent for 2005. The Legislature unified the HAP administrative cap in 2006, setting it at 5 percent and removing the special provision for 2005. The 2006 amendments did not address the AHP, so the administrative cap for the AHP is 4 percent.

For both the AHP and the HAP, legislative appropriations from capital bonds may only be used for specific kinds of projects and not for CTED's administrative costs.

**Summary of Bill:** For both the AHP and the HAP, legislative appropriations from capital bond proceeds may be used for CTED's administrative costs directly related to projects. The

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general cap on the use of HAP and AHP funds for CTED's administrative purposes is also removed.

The duplicate section of the HAP is reenacted as amended.

**Appropriation:** None.

**Fiscal Note:** Requested on January 22, 2009.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.